

Shareowner Approval of Severance and Death Benefits

If the Board were to agree to pay severance benefits to any of the named executives, we would seek shareowner approval of such benefits if: (1) the executive's employment was terminated prior to retirement for performance reasons, and (2) the value of the proposed severance benefits would exceed 2.99 times the sum of the named executive's base salary and bonus. For this purpose, severance benefits would not include: (1) any payments based on accrued pension benefits; (2) any payments of salary or bonus amounts that had accrued at the time of termination; (3) any RSUs paid to a named executive who was terminated within two years prior to age 60; (4) any stock-based incentive awards that had vested or would otherwise have vested within two years following the named executive's termination; and (5) any retiree health, life or other welfare benefits. In addition, the Board will seek shareowner approval for any future agreement or policy that would require the company to make payments, grants or awards of unearned amounts following the death of any of its named executives. This policy does not apply to payments, grants or awards of the sort that are offered to other company employees. For this purpose, "future agreement" includes the modification or amendment of any existing agreement.

COMPENSATION COMMITTEE REPORT

The MDCC has reviewed the [Compensation Discussion and Analysis](#) and discussed that analysis with management. Based on its review and discussions with management, the committee recommended to the Board that the Compensation Discussion and Analysis be included in the company's Annual Report on Form 10-K for 2012 and the company's 2013 proxy statement. This report is provided by the following independent directors, who comprise the committee:

Ralph S. Larsen (Chairman)
James I. Cash, Jr.

Robert W. Lane
Andrea Jung

Sam Nunn
Douglas A. Warner III

2012 REALIZED COMPENSATION

The SEC's calculation of total compensation, as shown in the [2012 Summary Compensation Table](#) on page 32, includes several items that are driven by accounting and actuarial assumptions, which are not necessarily reflective of compensation actually realized by the named executives in a particular year. To supplement the SEC-required disclosure, we have included the additional table below, which shows compensation actually realized by each named executive, as reported on the named executive's W-2 form for each of the years shown.

2012 Realized Compensation Table

Name and Principal Position	Year	Realized Compensation ¹
Jeffrey R. Immelt Chairman of the Board and CEO	2012	\$7,907,751
	2011	7,822,378
	2010	5,666,142
Keith S. Sherin Vice Chairman and CFO	2012	\$6,574,575
	2011	6,760,856
	2010	6,147,587
Michael A. Neal Vice Chairman	2012	\$6,927,241
	2011	6,893,639
	2010	6,896,941
John G. Rice Vice Chairman	2012	\$8,484,728
	2011	6,884,336
	2010	5,488,225
Brackett B. Denniston III SVP, General Counsel and Secretary	2012	\$6,736,113

¹ Amounts reported as realized compensation differ substantially from the amounts determined under SEC rules and reported as total compensation in the 2012 Summary Compensation Table. Realized compensation is not a substitute for total compensation. For a reconciliation of amounts reported as realized compensation and amounts reported as total compensation, see page 53. For more information on total compensation as calculated under SEC rules, see the narrative and notes accompanying the [2012 Summary Compensation Table](#) on page 32.